

**III. C. C. Docket 00-0556
Peoples Gas Exhibit 3**

**The Peoples Gas Light and Coke Company Response To
Commission Staff Data Request Number GEG-1.01**

OFFICIAL FILE

I.C.C. DOCKET NO. 00-0556

Peoples Gas Exhibit No. 3

Witness _____

Date 10/23/00 Reporter JW

The Peoples Gas Light and Coke Company
DOCKET NO. 00-0556
RESPONSE TO DATA REQUEST: GEG 1.001

RESPONSIBLE WITNESS: STOUT

1. REQUEST:

The response to ENG Data Request 1.001, Attachment ENG 1.1 indicates that Intangible Plant is being depreciated at 17.11%. Please indicate the following:

1. The current journal entries with account numbers used to record depreciation expense for intangible items.
2. A description of the type of items that comprise intangible plant.
3. The basis for the use of the 17.11% amount used to depreciate intangible items.

RESPONSE:

The Company's responses are as follows:

1. The current journal entries with account numbers used to record depreciation expense for Intangible Plant are:

ICC ACCT	DEBIT	CREDIT
403.00 Depreciation Expense	X	
108.01 Accumulated Provision for Depreciation of Gas Utility Plant - Plant in Service		X

As a result of Staff's inquiry, the Company has become aware that its Intangible Plant depreciation should be recorded utilizing different accounts than what are currently used. Effective with the beginning of fiscal year 2001, that begins October 1, 2000, the Company will reclassify prior depreciation accruals for Intangible Plant and will begin utilizing the accounting shown below to record depreciation of Intangible Plant. Please note that this change in account recognition has no "bottom line" income statement or balance sheet effect.

ICC ACCT	DEBIT	CREDIT
404.30 Amortization of Other Limited-Term Gas Plant	X	
111.03 Accumulated Provision for Amorization & Depletion of Gas Utility Plant		X

2. See attached sheet for a description of the types of items that comprise Intangible Plant.

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3. In reviewing the data included in the Company's response to Data Request ENG 1.1 to respond to this data request, the Company determined that the 17.11% annual accrual rate for Intangible Plant should have been 13.50%. The error occurred for two reasons. First, because the Company records depreciation expense on a fiscal year basis, it had to extrapolate its fiscal year 2000 data to calendar year 2000. Second, the program coding caused improper calendar year computations for items that had a remaining life in fiscal year 2000 of less than twelve months. Therefore, the calendar year calculations of both the annual accrual rate and annual accrual amount were incorrect. In correcting the extrapolated data, besides correctly calculating the annual accrual rate, the annual accrual amount was reduced by \$297,831 from \$1,410,217 to \$1,112,386. See the two attachments for details. GEG 1.01 Attachment A shows the data as originally calculated to support Peoples Gas Exhibit No. 1 and the 17.11% annual accrual rate. GEG 1.01 Attachment B displays the data as revised to respond to this data request and the corrected 13.50% rate used to depreciate Intangible Plant. The \$297,831 reduction results from the difference between the sum of the annual accrual amounts from the first two line items of Attachment A, \$435,025 (\$160,636 plus \$274,389) and the sum of the corrected annual accrual amounts for the same two line items on Attachment B, \$137,194 (\$1 plus \$137,193).

Note that the Company reviewed all its data as a result of the error it found with respect to Intangible Plant. One other Depreciable Group, Other General Plant, had a de minimis correction in Leasehold Improvements for the same reasons discussed above. The Company has forwarded a revised attachment to its response to data request ENG 1.1.

THE PEOPLES GAS LIGHT AND COKE COMPANY
DOCKET NO. 00-0556
ICC DATA REQUEST GEG 1.01
INTANGIBLE PLANT DEPRECIATION RATES
AS REVISED TO RESPOND TO STAFF DATA REQUEST NO. GEG 1.01

Acct. No.	Original Cost at December 31, 1999	Book Reserve	Future Accruals	Annual Accrual Amount	Rate	Composite Remaining Life
303.00 <u>Intangible Plant Items:</u>						
Automatic Inquiry Response (retired 12/99)	160,636	160,635	1	1	0.00%	0.00
Automatic Inquiry Response (retired 3/00)	274,389	137,196	137,193	137,193	50.00%	0.25
Automatic Inquiry Response (remaining)	245,221	7,662	237,559	30,648	12.50%	7.75
Bind View NT Software	78,966	2,820	76,146	11,280	14.28%	6.75
Business Engine Server	129,915	6,456	123,459	25,992	20.01%	4.75
Business Objects Reporter	69,948	3,498	66,450	13,992	20.00%	4.75
Datawarehouse	158,847	19,497	139,350	15,924	10.02%	8.75
Enterprise Resource Planning	2,982,003	46,593	2,935,410	186,372	6.25%	15.75
Filenet Panagon Software Imaging	126,723	6,336	120,387	25,344	20.00%	4.75
Gas Supply Adm - Hub Project	247,898	0	247,898	49,584	20.00%	5.00
HR Mgt Payroll System	1,116,399	378,788	737,611	95,172	8.52%	7.75
HR Mgt PeopleSoft Pension Calc	759,193	37,959	721,234	151,836	20.00%	4.75
McAfee Anti-Virus System	53,774	6,723	47,051	26,892	50.01%	1.75
McAfee Help Desk System	107,564	5,379	102,185	21,516	20.00%	4.75
Meter Mgt System 2000	158,623	5,664	152,959	22,656	14.28%	6.75
PEGASYS & GMS (Fiscal 1996)	338,807	220,228	118,579	67,764	20.00%	1.75
PEGASYS (Fiscal 1998)	742,636	185,655	556,981	148,524	20.00%	3.75
Platinum Software - Network Mgt	240,867	12,042	228,825	48,168	20.00%	4.75
Snapshot Mainframe Software - Storagetek	85,800	4,290	81,510	17,160	20.00%	4.75
VIS	162,521	19,308	143,213	16,368	10.07%	8.75
Total Account 303.00	8,240,730	1,266,729	6,974,001	1,112,386	13.50%	6.27

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